



# The President's Daily Brief

*October 10, 1974*

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*FOR THE PRESIDENT ONLY*

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CYPRUS

*The "Autonomous Cyprus Turkish Administration" has decreed that all businesses operating in Turkish-controlled areas must register with the government, under penalty of confiscation. On the other side, Greek Cypriot authorities have said that those companies that also operate in their sector will invite closure and seizure if they follow the Turks' orders.*

US firms caught in the middle include Cyprus Mines Corporation, which operates copper and iron pyrite mines in Greek-held territory, while its processing operations are located in Turkish areas, and Mobil Oil, 60 percent of whose annual Cyprus sales are generated by outlets in Greek-held areas and 40 percent by those in the Turkish zone.

Numerous British firms also are affected.

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SYRIA

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*the northern section of the Syrian side of the Golan Heights disengagement zone is being repopulated. Many of the villagers who evacuated the area during the fighting a year ago have returned to their homes and have begun patchwork repairs.*

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IRAN

*The Shah Friday successfully concluded a two-week trip to five far-flung Indian Ocean littoral states: Singapore, Indonesia, Australia, New Zealand, and India. He made clear his intention to have an important voice in Indian Ocean affairs and in general conveyed an impression of a strong leader.*

The Shah repeatedly broached three subjects-- big power competition in the Indian Ocean, area security, and economic cooperation. He strongly supported a longstanding Sri Lanka proposal that the Indian Ocean be declared a "zone of peace." In turn, the Shah received some pledges of support for his own proposal that the UN declare the "Middle East" a nuclear-weapons-free zone.

For the most part, host governments responded as the Shah hoped. Receptions were warm, trade and cultural agreements were signed, and there were general statements of support for closer economic and security cooperation. Apparently no credit agreements were signed, but follow-up discussions on trade and aid projects could lead to some Iranian loans.

The Shah tried not to become embroiled in the controversy over the presence of US and Soviet naval forces in the Indian Ocean. He made clear, however, that he differs with those littoral states that see the expansion of US facilities on Diego Garcia as provocative and likely to lead to Soviet countermeasures. He held to his view that US activities balance the Soviet presence and are a stabilizing influence.

Both the Shah and the Indians had good reasons for not allowing their divergent views on Diego Garcia to mar the Iranian ruler's visit. New Delhi's cooperation is essential to the Shah's scheme for closer cooperation among Indian Ocean states. For its part, Mrs. Gandhi's government is anxious to preserve the favorable terms on which it obtains oil from Iran, the primary source of India's oil imports.

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PAKISTAN

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PORTUGAL

*The Portuguese Socialist Party is under pressure both from its left wing and from the Communist Party to adopt more radical positions and to cooperate more closely with the Communists.*

The moderates have managed to retain control of the party until now, but they may be losing ground to more radical elements. [redacted]

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[redacted] left-wing radicals are seeking to take over the leadership from Foreign Minister Mario Soares and to turn the party into a Communist-dominated front organization.

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After withdrawing from the Communist-dominated Portuguese Democratic Movement last August, the Socialists shunned joint action with the Communists. The pullout had been engineered by Socialist moderates who feared that the Communists would overshadow the Socialists and eventually dominate any alliance between the two parties. There has been considerable sentiment within the Socialist Party in favor of a broad coalition that would include Communists, however, and on September 28 many Socialists joined the Communists in manning road-blocks set up to prevent a pro-Spinola rally.

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## NOTES

Saudi Arabia - US: In recent weeks several Saudi leaders have been voicing dissatisfaction with what they consider a lack of US responsiveness to Saudi defense needs. Prince Fahd raised the issue again last Friday when he met US Ambassador Atkins while both were visiting London. Fahd, who is minister of interior and probable successor to King Faysal, claimed that his officers are pressing for a switch from the US to France as a source for military equipment. According to Fahd it was a "crowning blow" to learn that US heavy tanks were being made available to Israel but not to the Saudis. Ambassador Atkins believes that part of the military pressure on Fahd results from the lavish treatment recently accorded a group of Saudi officers visiting Paris. Another probable factor is the large sums paid by the French to Saudi middlemen--some fronting for members of the royal family--with connections in the Saudi defense establishment.

Israel: Activist proponents of permanent Israeli retention of the Jordan River West Bank yesterday made their strongest effort to force the issue when hundreds of settlers and their supporters camped in at least three sites near Nabulus, Jericho, and Ram Allah. Most were promptly evicted and the remainder are expected to leave today. Prime Minister Rabin issued a statement deploring the illegal settlement attempts and reiterating the government's position that no new Jewish settlements would be permitted on the West Bank without government authorization. A well-informed source of the US embassy reported earlier this week that the government had frozen all settlement plans indefinitely.

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